



GARY-WILLIAMS
ENERGY CORPORATION

June 20, 2000

Mr Jere W. Glover
Chief Counsel for Advocacy
Small Business Administration
409 Third Street SW
Washington DC 20416

Dear Jere:

On behalf of the small business refiners in this country, we would like to thank you for your untiring and effective efforts over the last several years with regard to the Environmental Protection Agency's regulatory activities on both gasoline and diesel sulfur. The process is not over yet, but we want you to know that your interest and your advocacy have already had a significant impact on our prospects for survival in this extremely competitive industry and in the face of devastating environmental costs.

As you know, small business refiners have no formal organization to represent their interests and often feel that their concerns are different from those of the two major industry associations.

Some 12 to 15 small business refiners produce gasoline and were expected to be severely burdened by EPA's Tier 2 rulemaking on gasoline sulfur. With your help, eight of us formed an ad hoc coalition and participated in the Tier 2 SBREFA panel process beginning in the fall of 1998.

- Under your direction we participated in a series of meetings, conference calls and information exchanges that enabled us to identify priorities and common concerns, develop a coordinated small business refiner position, examine related GATT issues and thus to work effectively with EPA. Because of your interest in and confidence in us, we developed a level of trust and communication with EPA, OMB, DOE and others involved that is unprecedented in our experience.

- The final Tier 2 rule, issued in December 1999, included an interim compromise and delayed final deadline for small business refiners, as well as the prospect of an additional hardship extension if required.

- I can say with certainty that small business refiners would have been severely disadvantaged and some would have gone out of business without SBA advocacy on this rulemaking.

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An estimated 22 small business refiners produce diesel fuel; many will be even more severely impacted by the EPA diesel sulfur rulemaking currently in process. Because of the severe sulfur intolerance of new engine technology there appears to be less room for compromise. As a result, SBA advocacy is even more essential.

- This time, with your assistance and because of the successful example of the Tier 2 effort, small refiners developed an ad hoc diesel sulfur coalition that includes 14 small businesses and one association representing 4 west coast small businesses. We participated in a short, concentrated SBREFA process at the end of 1999 and beginning of this year.

- Again, SBA initiated group discussions, suggested questions and areas for compromise, worked hard to understand the different circumstances of individual companies, briefed us on strategic approaches and arranged meetings on our behalf with other key government officials.

- In addition, we know that you, Jere, personally met with senior EPA officers to make sure that they understood the potentially disastrous impact of the diesel rule on our small business.

- Some of our ad hoc coalition can say with certainty that unless the final rule, which is expected by the end of this year, includes special small refiner provisions and/or unless we have some assistance in accessing the capital needed some, they will have to shut down. Although it would not be the only solution, an increase in the maximum SBA loan guarantee would, as you know, be a great help to some of our group.

We look forward to continuing to working with you. Your continued advocacy on our behalf is, frankly, one of the few bright spots on the small business refiner horizon.

Very truly yours,

GARY-WILLIAMS ENERGY CORPORATION



Sally V. Allen
Vice President
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SVA:cwk